

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 /147 W

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FM AMEMBASSY BOGOTA

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TAGS EMIN CO

SUBJ: HANNA-CHEVRON NICKEL INVESTMENT

1. HANNA MINING OFFICIALS REPORT THAT COMPANY SIGNED MEMORANDUM OF UNDERSTANDING MAY 31 WITH INDUSTRIAL DEVELOPMENT INSTITUTE (IFI) REGARDING DEVELOPMENT OF CERRO MATOSO NICKEL DEPOSITS. MEMO MUST BE APPROVED BY SEVERAL OTHER GOC OFFICES, PRINCIPALLY ECONOMIC POLICY COUNCIL AND THEN IMPLEMENTED BY SEVERAL NEW REGULATIONS. ASSUMING SUCH APPROVAL AND COMPLIANCE BY GOC, NEW AGREEMENT SHOULD CLEAR THE WAY FOR LONG DELAYED FULL SCALE DEVELOPMENT OF DEPOSITS.

2. AS REPORTED PREVIOUSLY, KEY ISSUE SINCE ORIGINAL CONTRACT SIGNING IN 1970 HAS BEEN PROFIT REMITTANCE LEVEL. HANNA AND IFI HAVE NOW AGREED ON 14 PERCENT REMITTANCE BUT BASED ON ORIGINAL AND ANY SUBSEQUENT INVESTMENT. THIS WILL REQUIRE NEW REGULATION SINCE UNDER DECREE 444, AMORTIZATION REDUCES CAPITAL BASE ON WHICH REMITTANCE IS CALCULATED. AGREEMENT ALSO CONTAINS CLAUSE INDICATING NO PREJUDICE OF HANNA'S RECOURSE TO OPIC INSURANCE IF SUCH BECOMES AVAILABLE THROUGH OPIC-GOC AGREEMENT. INSURANCE IS

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NOT HOWEVER SINE QUA NON CONDITION FOR INVESTMENT.

3. IF GOC APPROVAL AND IMPLEMENTATION PROGRESS SMOOTHLY, HANNA EXPECTS TO SPEND ABOUT FOURTEEN MONTHS IN UPDATING FEASIBILITY STUDIES, PLANS, FINANCING ETC. BEFORE INITIATING CONSTRUCTION OF FACILITIES. ANOTHER 30-36 MONTHS WOULD BE REQUIRED FOR CONSTRUCTION AND PRODUCTION MIGHT THUS BEGIN IN LATTER 1978. BECHTEL CORP WILL APPARENTLY UNDERTAKE CONSTRUCTION. PROVEN ORE RESERVES ARE 33 MILLION TONS WITH ANOTHER 10 MILLION TONS PROBABLE. NICKEL CONTENT IS 1.5-2.6 PERCENT. PRODUCTION ESTIMATED AT ABOUT 75 MILLION DOLLARS PER YEAR ALL OF WHICH ACCORDING TO PRESENT PLANS WOULD BE EXPORTED.

4. TOTAL INVESTMENT REQUIRED IS NOW ESTIMATED AT SLIGHTLY OVER 200 MILLION DOLLARS. HANNA AND IFI WILL SPLIT INVESTMENT 50-50 AND HAVE EQUAL REPRESENTATION ON BOARD OF DIRECTORS. CHEVRON PUT UP 1.5 MILLION INITIALLY BUT IS NO LONGER ACTIVE AND MAY DROP OUT OF PROJECT ENTIRELY.

5. EMB ALSO UNDERSTANDS THAT PEABODY COAL PRESENTLY INVOLVED IN MARATHON NEGOTIATIONS WITH GOC ON FINAL CONTRACT FOR EL CERREJON COAL PROJECT. NO FIRM RESULTS YET AVAILABLE BUT QUITE POSSIBLE THAT CONTRACT WILL BE SIGNED WITHIN COMING WEEK. VAKY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NICKEL, AGREEMENTS, MINING INDUSTRY, MINERAL RESERVES, FOREIGN INVESTMENTS, GOVERNMENT REVENUES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 JUN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** smithrj  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Status:** NATIVE  
**Subject:** HANNA-CHEVRON NICKEL INVESTMENT  
**TAGS:** EMIN, CO, US, HANNA-CHEVRON MINING CO  
**To:** STATE MEDELLIN  
**Type:** TE  
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